

Annual Report 2000 of the Environmental Finance Center Network

Environmental Finance Center Network

2000 Annual Report

EFC at the University of North Carolina

The University of North Carolina is one of two EFC's in Region 4

The year two thousand, Y2K, brought not the widely-feared breakdown of all things technological, but rather the maturation of the Environmental Finance Center at UNC-Chapel Hill (efc@unc) into a regular part of the university and the lives of several of its faculty and graduate students. Thanks to continuing support both in the university and at the United States Environmental Protection Agency (EPA), the efc@unc continues to pursue its mission:

providing a bridge between students and faculty in the university who work principally on environmental financing, management and planning tools, and the governments and businesses whose job it is to use those tools for the public interest.

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Towards these ends, the efc@unc took on and completed several significant projects in 2000 and set its agenda for further work in 2001. For the sake of its own institutional capacity, a major challenge in 2001 will be to bring on a staff member to help manage and pursue projects full-time, rather than relying solely on faculty and staff who must split their time and attention several ways.

ACCOMPLISHMENTS: PROJECTS/INITIATIVES/PROPOSALS

Million acres initiative

In January 2000, North Carolina's Governor J a m e s Hunt—influenced by the success of Gov. Christine Todd Whitman's similar initiative in New Jersey—issued a challenge during his address to North Carolina's newly established Smart Growth Commission. The Governor's challenge was to protect permanently an additional one million acres of open space, beyond the



approximately 2.9 million acres currently protected, within the next ten years. In issuing this challenge, the Governor gave Secretary Bill Holman of the Department of Environment and Natural Resources (DENR) a charge to craft a strategic plan for bringing this “Million Acre Initiative” (MAI) to fruition—and to produce that plan in sixty days or less. Secretary Holman turned to the [efc@unc](mailto:efc@unc.edu) for help.

In short order, the [efc@unc](mailto:efc@unc.edu) assembled stakeholders for two long and intense workshops in February 2000 to clarify areas of agreement and disagreement. This stakeholder work gave DENR a basis for drafting a Million Acre Plan that had broad consensus. In addition, the [efc@unc](mailto:efc@unc.edu) provided DENR with a written report and analysis of all the laws already on the books in North Carolina that affected the State’s ability to achieve the Million Acre Goal. The report also contained draft legislation that could more concretely commit the State to implement the Million Acre Initiative.

In June 2000, the North Carolina General Assembly passed Senate Bill 1328, which was signed into law as Session Law 23 for the 2000 Session. The law, parts of which are now codified at N.C. Gen. Stat. § 113A-240 and 241, embodies the work of the [efc@unc](mailto:efc@unc.edu) both with stakeholders and in analysis of the gaps in existing law. Specifically, the law provides that the State shall:

continue to support and accelerate the State's programs of land conservation and protection, to find means to assure and increase funding for these programs to support the long-term management of conservation lands acquired by the State, and to improve the coordination, efficiency, and implementation of the various State and local land protection programs operating in North Carolina.

....

The State of North Carolina shall encourage, facilitate, plan, coordinate, and support appropriate federal, State, local, and private land protection efforts so that an additional one million acres of farmland, open space, and conservation lands in the State are permanently protected by December 31, 2009. These lands shall be protected by acquisition in fee simple or by acquisition of perpetual conservation easements by public conservation organizations or by private entities that are organized to receive and administer lands for conservation purposes.

NC Gen. Stat. §§ 113A-240, 241.

Neither the Million Acre Plan nor the legislation passed in 2000, however, provided the funding needed to accomplish the million acre goal. Instead, one of the near-term recommendations made by the Plan was to work with the [efc@unc](mailto:efc@unc.edu) to conduct a study of the financial needs for meeting the million acre goal and potential revenue sources for funding those needs.

During 2000, the center devoted a great deal of effort to this study, which ultimately included surveys of local government and land trusts across the state, individual interviews with most of the main stakeholders in conservation land acquisition and an analysis of possible tax losses from land conservation for local government units. The report, which was presented to DENR in December 2000 and which will be publicly released shortly after this annual report, is the most comprehensive analysis ever done on the amount and costs of conservation land acquisition in North Carolina, coupled with a discussion of possible revenue sources for filling the gap between present levels of land protection and the million acre goal endorsed by the legislature in July 2000.

Environmental Financing Course

U.S. EPA commissioned the [efc@unc](#) to develop a course developed for professionals involved in the planning, delivery, regulation, or financing of environmental infrastructure services. This course will be available for delivery by Environmental Finance Centers throughout the network. It is one of the cornerstones of the national Environmental Finance Program. The [efc@unc](#)'s approach to course development is to produce modules that can be taught together, or separately, and that can be taught in longer or shorter versions. The primary audience is made up of "students" who have prior training and experience in planning, public administration, engineering, and related disciplines. Thus the course is designed as a refresher course in planning and policy issues that also presents new developments in infrastructure financing.

Design of the course flows out of the course objectives. Beyond the following general objectives, specific objectives for each module are listed in the Instructor's Manual:

- To enable students to improve their knowledge and skills in planning, policy formulation, and financing related to environmental infrastructure
- To provide a comprehensive set of materials that can be taught by different personnel who are generally familiar with the subject material
- To be able to be taught in different versions, around different course emphases and over different lengths of time
- To motivate concepts with real-world illustrations, and consolidate comprehension through the use of hands-on exercises.

In 2000, the [efc@unc](#) began and completed basic content creation on modules two through five of the following complete set of modules. The remaining modules will be produced and the entire course finalized for pilot testing purposes in 2001:

Module 1: Essentials of Capital and Financial Planning

Module 2: Financial Markets and Environmental Finance

Module 3: Capital Financing for Environmental Projects

Module 4: Paying for Environmental Infrastructure

Module 5: Privatization of Environmental Services

Module 6: Appropriate Policy Decision: Cross-cutting Issues

Consortium on Growth in the Southeast and the SCUPSO Smart Growth Toolkit

In 2000, the [efc@unc](#) partnered with the Southeast Consortium of University-based Public Service Organizations (SCUPSO) to stimulate inter-campus discussion of growth management issues in the Southeast. Scholars and environmental regulators have become increasingly aware that pollution control and traditional regulatory means (permits, rules, enforcement) only go part of the way to assuring environmental quality in regions that are rapidly growing. Growth and land use patterns can completely override the best implemented attempts at command and control regulation, especially as regards diffuse (nonpoint) sources of air and water pollution. Issues of growth management are nowhere more salient than in

the Southeast, which is experiencing some of the nation's fastest growth rates. But these fast growth areas exist alongside other communities which not only are not growing, they are chronically depressed from an economic point of view, and they are suffering greatly at the hands of offshore movement of manufacturing and shifts in the agricultural economy.

The [efc@unc](#) agreed to produce a series of "toolkits" that encapsulate smart growth tools as they might be applied by local governments in the southeast. Along with researchers at the University of South Carolina and Clemson University, the [efc@unc](#) work will be compiled by SCUPSO for distribution around the region. The tool kits could be the basis for training sessions for local officials or for federal regulators who are interested in what is possible and what is difficult about growth management tools. The [efc@unc](#) has had some initial discussion with federal regulatory agencies about making this material available to their staff when it is compiled, in mid-2001.

The consortium also has put in place a desktop video conferencing system (using the Large Scale Network Video Prototype of CAVNER, see <http://www.cavner.org/>) to allow southeast researchers to better communicate their research and results. There are still technical and procedural glitches in the system, and in 2000 it was not used as widely as had been hoped. However, the [efc@unc](#) and Clemson University did host one joint video conference over the system, featuring a presentation by the President of Clemson on the university's roles in land and economic development followed by questions and discussion from the Chapel Hill location.

Southeast Watershed Roundtable

As noted below in the conferences and presentations section, the [efc@unc](#) produced and

presented a workshop and related sessions on watershed financing.

Database of Financing Tools

In 2000, the [efc@unc](#) commissioned several sister universities in the southeast to help compile a database of low-cost loan and grant financing sources for environmental projects in the Southeast. This is particular, fund-based information, with actual contacts and usage. It serves as a particularized extension of the Guidebook of Financial Tools. In 2001, we will begin distributing this information.

Digital library

The [efc@unc](#) continues to acquire image, sound and video content on environmental regulatory and finance related topics for eventual publication in a digital library. In 2000, the [efc@unc](#) completed the indexing, logging and transcoding of nearly a decade of shows on environmental topics from WUNC-TV, a PBS broadcasting affiliate in Chapel Hill.

NEW INITIATIVES FOR 2001

Source Water Protection

The [efc@unc](#) will be working with several other Environmental Finance Centers on the national source water protection planning effort led by the EFC at the University of New Mexico. Our center plans to focus on several small municipalities that share a surface water supply in the Broad River basin of southwest North Carolina, just upstream from South Carolina. This area is one of the most economically depressed areas of the state, due to its historical concentration of jobs in the textile industry. Now that most of the mills

are closed, jobs have become a major priority. At the same time, there is widespread recognition of the need to preserve the environmental assets the area has, one of which is water. Building on its work on the Million Acres Initiative, the [efc@unc](#) plans to help these communities consider ways in which land conservation might assure the long term protection of their drinking water supply.

Costs/benefits of Green Buildings

There is a growing call for greater environmental sensitivity and energy efficiency in the construction of large commercial buildings in North Carolina, especially with the passage of a large (\$3 billion) bond referendum for construction on the state's college and community college campuses. The [efc@unc](#) has agreed to help legislative staff research the costs and benefits of various approaches to requiring "green buildings" in public construction.

FERC Relicensing and Local Land Use Planning

The Federal Energy Regulatory Commission is in the middle of a large wave of relicensing decisions for hydro plants throughout the nation, and many of these are located in the southeast. In 2001, the [efc@unc](#) will pursue research on policy outcomes in past FERC license cases that might help state and local governments that are interested in environmental issues in the vicinity of hydro projects. For example, in a FERC case on the Pigeon River in western North Carolina, the resolution in 1994 of a long-standing dispute led to the creation of a fund that gives grants for local water quality projects. The [efc@unc](#) will catalog similar efforts around the country so that stakeholders in the upcoming license renewals will have some sense for outcomes that are possible.

Training through the National Environmental Finance Program

In the coming year the [efc@unc](#) will, as noted above, be focused on completion of the environmental finance course for eventual use by the national program. The EFC will work with the other centers on training appropriate clientele in accordance with the EFC Network Plan. Through the Institute of Government at UNC, the [efc@unc](#) will continue its direct training efforts for local officials in the southeast.

EFC NETWORK COLLABORATIONS

Financing Course

This project of the [efc@unc](#) is done primarily to provide content that can be used throughout the EFC Network. It is a basis for the national Environmental Finance Program.

Source Water Protection Planning

The source water protection project is a network project. Each participating center is taking a somewhat different approach (organized around a common procedural core) so that, in the end, U.S. EPA will have a rich set of examples to draw on for lessons about source water protection planning in multi-jurisdictional settings.

PRESENTATIONS, CONFERENCES AND MEETINGS

Local environmental responsibilities and opportunities for newly elected municipal officials (Jan. 14, Feb. 11 and Feb. 26, 2000 in Asheville, Wilmington and Charlotte, NC).

In the year 2000, EFC Director Whisnant presented this course both to newly elected mayors and council members in the winter and to newly elected county commissioners in the fall. Most of the newly elected local officials in North Carolina thus received this introduction, which focuses on local roles in environmental protection and notes the availability of information such as the Guidebook of Financial Tools and the EFC Network's rate calculation and capital improvements planning software.

- Environmental law and finance for municipal and county administrators (March 14 and Oct. 26, 2000 in Burlington, NC).
- Stormwater regulation for city attorneys (March 16, 2000 in Chapel Hill, NC).
- Brownfields and economic development, for North Carolina Economic Development Board (July 19, 2000 in Goldsboro, NC).
- Brownfields for planners, for North Carolina Association of Planners annual conference (August 3, 2000 in Chapel Hill, NC).
- Financing for Environmental Nonprofits panel discussion and workshop (August 23, 2000 in Birmingham, Alabama).
- Financing Watershed Improvements for Local Government (August 24, 2000 in Birmingham, Alabama).
- Four case studies in local watershed financing (with ICMA, moderating panel presentations by local officials, August 24, 2000 in Birmingham, Alabama).

- Issues in environmental finance and policy for Duke Institute on Learning in Retirement (Nov. 10, 2000 in Durham, NC).
- Local environmental responsibilities for newly elected county officials (Nov. 17, Nov. 30 and Dec. 13, 2000 in Asheville, Chapel Hill and New Bern, NC).
- Cleanup Law in North Carolina (Nov. 27, 2000 at Duke's Nicholas School for the Environment).

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EFC

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Environmental Protection Agency originally established the centers in order to bring the work of researchers in the universities directly to bear on local environmental problems. For more information on the Environmental Finance Center network, see: www.epa.gov/efin.

The efc@unc was begun in 1998 as a joint venture between the Institute of Government and the Office of Economic Development, both at UNC-Chapel Hill. Faculty and students working with the efc@unc concentrate on helping improve the financing and delivery of environmental goods and services by local governments.

For more information, see www.unc.edu/depts/efc

Or call Richard Whisnant, Director of the center, at (919) 962-9320.

**About the efc@unc and the Environmental
Finance Center Network**

The Environmental Finance Center at UNC-Chapel Hill (efc@unc) is one of a group of university-based centers that concentrate on problems in the financing of environmental services. The U.S.